TAKSON HOLDINGS LIMITED
第一德勝控股有限公司 *

(Incorporated in Bermuda with limited liability)
website: http://www.takson.com
(Stock Code: 918)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31ST MARCH, 2013

RESULTS

The Board of Directors of Takson Holdings Limited ("the Company") announces the audited consolidated results of the Company and its subsidiaries (together the "Group") for the year ended 31st March, 2013 (the "Financial Year"), together with the comparative figures for the year ended 31st March, 2012 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31st March, 2013

	Note	**2013** **HK$'000**	2012 HK$'000
Turnover	3	**153,464**	76,515
Cost of sales		**(122,092)**	(58,000)
Gross profit		**31,372**	18,515
Other income	3	**10,564**	3,525
Selling, distribution and marketing expenses		**(10,308)**	(8,940)
Administrative expenses		**(18,410)**	(18,993)
Operating profit/(loss)		**13,218**	(5,893)
Finance costs	4	**(2,913)**	(1,600)
Profit/(loss) before taxation	5	**10,305**	(7,493)
Income tax	6	**3,630**	—
Profit/(loss) for the year		**13,935**	(7,493)

* *for identification purpose only*

	Note	2013 HK$'000	2012 HK$'000
Total comprehensive income/(loss) for the year		**13,935**	(7,493)
Profit/(loss) for the year attributable to:			
Equity holders of the Company		**13,935**	(7,493)
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		**13,935**	(7,493)
Earning/(loss) per share attributable to the equity holders of the Company			
— basic (HK cents)	*7*	**1.80**	(0.97)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st March, 2013

	2013	2012
	HK$'000	*HK$'000*
ASSETS		
Non-current assets		
Property, plant and equipment	**9,971**	8,196
Leasehold land	**16,945**	17,438
Investment properties	**80,422**	70,240
Deferred tax assets	**690**	—
	108,028	95,874
Current assets		
Inventories	**3,235**	484
Deposits, prepayments and other receivables	**4,997**	11,453
Cash at bank and in hand	**27,275**	2,690
	35,507	14,627
Total assets	**143,535**	110,501
EQUITY		
Capital and reserves attributable to the Company's equity holders		
Share capital	**77,465**	77,445
Reserves	**(16,035)**	(29,987)
Total equity	**61,430**	47,458

	Note	2013	2012
		HK$'000	*HK$'000*
LIABILITIES			
Non-current liabilities			
Bank borrowings		**1,884**	517
Post employment benefits		**263**	263
Deferred taxation		**—**	2,940
Loans from a director		**—**	4,000
		2,147	7,720
Current liabilities			
Trade payables	*8*	**153**	3,069
Other payables and accrued charges		**3,160**	2,315
Bank borrowings		**76,645**	49,939
		79,958	55,323
Total liabilities		**82,105**	63,043
Total equity and liabilities		**143,535**	110,501
Net current liabilities		**(44,451)**	(40,696)
Total assets less current liabilities		**63,577**	55,178

Notes:

1. **Basis of preparation**

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") (which include Hong Kong Accounting Standards ("HKAS") and Interpretations), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and buildings.

2. **Application of new and revised Hong Kong Financial Reporting Standards ("HKFRSs")**

In current year, the Group has applied the following amendments to HKFRSs issued by HKICPA.

Amendments to HKFRS 7	Financial instruments: Disclosures — Transfers of financial assets
Amendments to HKAS 12	Income taxes — Deferred tax: Recovery of underlying assets

Amendments to HKFRS 7, Financial instruments: Disclosures

The amendments to HKFRS 7 require certain disclosures to be included in the financial statements in respect of transferred financial assets that are not derecognised in their entirety and for any continuing involvement in transferred financial assets that are derecognised in their entirety, irrespective of when the related transfer transaction occurred. However, an entity need not provide the disclosures for the comparative period in the first year of adoption. The Group did not have any significant transfers of financial assets in previous periods or the current period which require disclosure in the current accounting period under the amendments.

Amendments to HKAS 12, Income taxes

Under HKAS 12 deferred tax is required to be measured with reference to the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of the asset(s) in question. In this regard, the amendments to HKAS 12 introduced a rebuttable presumption that the carrying amount of investment property carried at fair value under HKAS 40, Investment property, will be recovered through sale. This presumption is rebutted on a property-by-property basis if the investment property in question is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

New and revised Standards, Amendments and Interpretations issued but not yet effective

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 — 2011 Cycle[2]
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[4]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[3]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
HKAS 19 (as revised in 2011)	Employee Benefits[2]
HKAS 27 (as revised in 2011)	Separate Financial Statements[2]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[2]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[1]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[3]
HK(IFRIC) — Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

1 Effective for annual periods beginning on or after 1st July 2012
2 Effective for annual periods beginning on or after 1st January 2013
3 Effective for annual periods beginning on or after 1st January 2014
4 Effective for annual periods beginning on or after 1st January 2015

The Group is in the process of making an assessment of the potential impact of other new/revised HKFRSs and the directors so far concluded that the application of the other new/revised HKFRSs will have no material impact on the results and the financial position of the Group.

3. Revenue and segment Information

The Group is principally engaged in the sourcing, subcontracting, marketing and selling of outerwear garments and sportswear products, and property investment. Revenue recognised during the year is as follows:

	Export Business		Property Investment		Consolidated	
	2013	2012	**2013**	2012	**2013**	2012
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover						
Sales of goods/rental income	**150,386**	73,520	**3,078**	2,995	**153,464**	76,515
Other income						
Other interest income	**264**	170	**—**	—	**264**	170
Income from sample sales	**23**	5	**—**	—	**23**	5
Gain on disposal of property, plant and equipment	**87**	—	**—**	—	**87**	—
Changes in fair value of investment properties	**—**	—	**10,183**	3,312	**10,183**	3,312
Sundry income	**7**	38	**—**	—	**7**	38
	381	213	**10,183**	3,312	**10,564**	3,525

The Group operates mainly in Hong Kong and the People's Republic of China ("PRC") and in the following business segments:

Export business — Sales of outerwear and other garments to overseas customers.

Property investment — Investing and letting of properties.

Primary reporting format — business segments

	2013 Export business HK$'000	Property investment HK$'000	Total HK$'000
Turnover	**150,386**	**3,078**	**153,464**
Segment operating profit	**12,318**	**3,301**	**15,619**
Unallocated corporate expenses			**(2,401)**
Operating profit			**13,218**
Finance costs	**(2,791)**	**(122)**	**(2,913)**
Profit before taxation			**10,305**
Income tax			**3,630**
Profit for the year			**13,935**
Segment assets	**29,555**	**113,471**	**143,026**
Unallocated assets			**509**
Total assets			**143,535**
Segment liabilities	**60,606**	**20,616**	**81,222**
Unallocated liabilities			**883**
Total liabilities			**82,105**
Capital expenditure	**3,152**	**—**	**3,152**
Depreciation of property, plant and equipment	**556**	**318**	**874**
Amortisation of leasehold land	**—**	**493**	**493**
Changes in fair value of investment properties	**—**	**10,183**	**10,183**

__Primary reporting format — business segments__

	2012		
	Export business *HK$'000*	Property investment *HK$'000*	Total *HK$'000*
Turnover	73,520	2,995	76,515
Segment operating profit/(loss)	78	(3,031)	(2,953)
Unallocated corporate expenses			(2,940)
Operating loss			(5,893)
Finance costs	(1,420)	(180)	(1,600)
Loss before taxation			(7,493)
Income tax			—
Loss for the year			(7,493)
Segment assets	16,622	93,407	110,029
Unallocated assets			472
Total assets			110,501
Segment liabilities	55,019	7,236	62,255
Unallocated liabilities			788
Total liabilities			63,043
Capital expenditure	121	—	121
Depreciation of property, plant and equipment	487	323	810
Amortisation of leasehold land	—	474	474
Changes in fair value of investment properties	—	3,312	3,312

Secondary reporting format — geographical segments

	2013		
	Turnover	**Total assets**	**Capital Expenditure**
	HK$'000	***HK$'000***	***HK$'000***
Hong Kong	**1,442**	**94,910**	**3,152**
PRC	**1,636**	**48,625**	**—**
United States of America	**145,044**	**—**	**—**
Canada	**3,898**	**—**	**—**
Others	**1,444**	**—**	**—**
	153,464	**143,535**	**3,152**

	2012		
	Turnover	Total Assets	Capital Expenditure
	HK$'000	*HK$'000*	*HK$'000*
Hong Kong	1,032	62,654	121
PRC	1,962	47,847	—
United States of America	51,145	—	—
Canada	16,045	—	—
Others	6,331	—	—
	76,515	110,501	121

Revenue is allocated based on the country in which the customers are located. Assets and capital expenditure are allocated based on where the assets are located.

Information about major customers

Revenue from customers in the corresponding years contributing over 10% of the total sales of the Group from the export business is as follows:

	2013	2012
	HK$'000	*HK$'000*
Customer A	**75,018**	39,730
Customer B	**69,194**	16,045
Customer C	**—**	11,415

4. Finance costs

	2013	2012
	HK$'000	*HK$'000*
Interest on bank loans and overdrafts	**2,787**	1,547
Interest element of finance lease obligations	**84**	46
Interest on director's loan	**42**	7
	2,913	1,600

5. Profit/(loss) before taxation

Profit/(loss) before taxation is stated after charging/(crediting) the following:

	2013	2012
	HK$'000	*HK$'000*
Cost of inventories sold	**122,092**	58,000
Amortisation of leasehold land	**493**	474
Auditor's remuneration	**330**	300
Depreciation of		
owned property, plant and equipment	**525**	543
leased property, plant and equipment	**349**	267
Net exchange loss	**411**	—
(Gain)/loss on disposal of property, plant and equipment	**(87)**	1
Operating lease rentals in respect of land and buildings	**1,729**	1,730
Staff costs, including directors' emoluments	**16,877**	15,470

6. Income tax

(a) The amount of taxation credited to the consolidated statement of comprehensive income represents:

	2013	2012
	HK$'000	*HK$'000*
Deferred tax		
Unused tax losses recognised	**3,630**	—

No provision for Hong Kong profits tax has been made as the Group has no assessable profits arising in Hong Kong during the year (2012: HK$ Nil).

(b) At the end of the reporting period, the Group has unused tax losses of HK$155,039,000 (2012: HK$155,600,000) available for offset against future profits that may be carried forward indefinitely.

The tax on the Group's profit before taxation differs from the theoretical amount that would arise using Hong Kong profits tax rate as follows:

	Group	
	2013	2012
	HK$'000	*HK$'000*
Profit/(loss) before taxation	**10,305**	(7,493)
Tax at Hong Kong profits tax rate of 16.5% (2012: 16.5%)	**1,700**	(1,236)
Effect of different tax rate in other countries	**2**	1
Tax effect of non-taxable revenue	**(1,790)**	(381)
Tax effect of non-deductible expenses	**43**	36
Tax effect of unused tax losses not recognised	**3,155**	2,576
Tax effect of origination and reversal of temporary differences	**(188)**	(468)
Tax effect of prior year's tax losses utilized in this year	**(2,922)**	(528)
Tax effect of unused tax losses recognised	**(3,630)**	—
Income tax	**(3,630)**	—

7. Earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2013	2012
Profit/(loss) attributable to the equity holders of the Company *(HK$'000)*	**13,935**	(7,493)
Weighted average number of ordinary shares in issue *(thousands)*	**774,489**	774,456
Basic earnings/(loss) per share *(HK cents)*	**1.80**	(0.97)

No diluted earnings/(loss) per share is presented as the outstanding share options were anti-dilutive.

8. Trade payables

The ageing analysis of trade payables is as follows:

	Group	
	2013	2012
	HK$'000	*HK$'000*
Current	**153**	3,069

Trade payables as at 31st March, 2013 and 31st March, 2012 were all denominated in US dollars.

Payment terms with suppliers are generally on letters of credit and open account. Certain suppliers grant credit terms between 30 to 60 days.

9. Final Dividend

The Directors do not recommend the payment of a final dividend for the year ended 31st March, 2013 (2012: HK$Nil).

BUSINESS REVIEW

Export business

In the year under review, the Group focused its effort in Original Design Manufacturer ("ODM") business and received encouraging response from its existing and new customers. Outdoor apparels launched in the Financial Year achieved turnover of approximately HK$75 million, together with additional orders from existing customers saw total turnover in the year under review increased by 104.6% to HK$150.4 million compared with the previous year. On the other hand, gross profit margin decreased from approximately 21.1% in the previous year to approximately 18.8% in the year under review. The decrease was due to the investment by the Group in newly launched product line which used the best available materials in the market with special functions and performance standards which surpassed the stringent requirements of its customers. Sub-contracting costs also increased slightly due to high standard workmanship required for the new product line. The Group's effective cost control measures resulted in acceptable increase of selling, distribution and marketing expenses by 15.3% (compared with increase in turnover by 104.6%) and decrease in administrative expenses by 3.1%. Finance cost increased by 82.1% due to general rise in bank interest rate and increase in utilization of banking facilities for its export business.

Moving forward, the Group will continue to grow the ODM business by creating a diversity of design and apparel collection and provide a one stop solution to meet the procurement needs of its customers.

Property investment

The Group continued to lease its investment properties in Hong Kong and China and recorded rental income of HK$3.1 million compared to HK$3.0 million in the previous year. As at the end of the reporting period, all investment properties were fully let out. The investment property portfolio of the Group reported increase in fair value of HK$10.2 million compared to HK$3.3 million in last year.

FINANCIAL REVIEW

During the Financial Year, the Group has recorded a turnover of approximately HK$153.5 million as compared to HK$76.5 million last year, representing an increase of approximately 100%. The turnover for the export business and property investment was approximately HK$150.4 million (2012: HK$73.5 million) and HK$3.1 million (2012: HK$3.0 million) respectively. The increase in turnover of the export business was a result of effective marketing and successful launch of new product lines by the Group.

The gross profit margin of the export business was approximately 18.8% (2011: 21.1%). The decrease in the gross profit margin of the export business was mainly due to the investment by the Group in newly launched product line which used the best available materials in the market with special functions and performance standards which surpassed the stringent requirements of its customers. Sub-contracting costs also increased slightly due to high standard workmanship required for the new product line.

Prospects

With the success of its ODM business and new product lines launched in the year under review, the Group will put more resources in expanding its ODM business which offers reasonable margins and also provide value for money procurement services to its OEM customers. Orders on hand exceeded HK$170 million and more orders are expected to be received for spring 2014 season. Besides the ODM business, the Group's OBM (Own Brand & Manufacturing) business will start to generate revenue in the coming months and more resources will be deployed into the business if the response from the market is positive. The property investment business continues to provide a steady stream of income to the Group. The Board is optimistic of the future of the Group.

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations by its own working capital, trade facilities and revolving bank loans provided by its principal bankers in Hong Kong. Total net cash inflow from operations amounted to approximately HK$5.7 million for the Financial Year (2012: outflow of HK$12.4 million).

Most of the Group's sales occurred in the first half year and all of the Group's accounts receivable were fully settled as at 31st March, 2013.

As at 31st March 2013, the Group's net borrowings comprised bank loans and obligations under finance leases, the aggregate amount of which was approximately HK$78.5 million (2012: HK$54.4 million). Among the total outstanding amounts of bank loans and obligations under finance leases as at 31st March, 2013, 70% (2012: 72%) is repayable within the next year, 6% (2012: 6%) is repayable within the second year and the remaining 24% (2012: 22%) repayable in the third to fifth year. The Group's bank loans are subject to floating interest rates while obligations under finance leases are subject to fixed interest rates.

The ratio of current assets to current liabilities of the Group was 0.44 as at 31st March, 2013 compared to 0.26 as at 31st March, 2012. The Group's gearing ratio as at 31st March, 2013 was 0.57 (2012: 0.57) which is calculated based on the Group's total liabilities of HK$82.1 million (2012: HK$63.0 million) and the Group's total assets of HK$ 143.5 million (2012: HK$110.5 million). As at 31st March, 2013, the Group's total cash and bank balances amounted to HK$27.3 million compared to HK$2.7 million as at 31st March, 2012. The cash and bank balances together with the available banking facilities can provide adequate liquidity and capital resources for the ongoing operating requirements of the Group.

The monetary assets and liabilities and business transaction of the Group are mainly carried out and conducted in Hong Kong dollars and United States dollars. The Group maintains a prudent strategy in its foreign exchange risk management, with the foreign exchange risks being minimized through balancing the monetary assets versus monetary liabilities, and foreign currency revenue versus foreign currency expenditure. The Group did not use any financial instrument to hedge against foreign currency risk.

CHARGE OF ASSETS

As at 31st March, 2013, the investment properties and leasehold land and buildings in Hong Kong and the PRC held by the Group with an aggregate carrying value of approximately HK$ 102.5 million (2012: HK$93.0 million) were pledged as first legal charge for the Group's banking facilities.

CONTINGENT LIABILITIES AND LITIGATION

The Company has executed guarantees with respect to banking facilities made available to its subsidiaries. As at 31st March, 2013, the facilities utilized amounted to HK$78.5 million (2012: HK$50.4 million).

Except for the foregoing, as at 31st March, 2013, the Group had no other significant contingent liabilities or pending litigation.

EMPLOYEES

As of 31st March, 2013, the Group had a total of 42 employees (2012: 35 employees). The increase in the number of employees was due to business expansion. Total staff costs (including directors' remuneration) for the year amounted to approximately HK$16.9 million (2012: HK$15.5 million) due to increase in head count and performance based payment to staff.

The Group remunerates its employees (including Directors) primarily with reference to industry practices, including contributory provident funds, insurance and medical benefits. The emoluments of the directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics. The Group has also adopted a discretionary bonus scheme for management and staff with awards which are determined annually based upon the performance of the Group and individual employees. As at 31st March, 2013, the Group has an aggregate of 15,282,000 share options issued to its Directors and employees for the purpose of providing incentives or rewards to the eligible employees for their contribution to the Group.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company did not redeem any of its shares during the Financial Year. Neither the Company nor any of its subsidiaries purchased or sold any of the Company's shares during the Financial Year.

REVIEW OF FINAL RESULTS

The Audit Committee has reviewed the annual results of the Group for the year ended 31st March, 2013.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with all the code provisions as set out in the Code of Corporate Governance Practices contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout the Financial Year, except for the deviations from Code Provisions A.2.1 and A.4.1. Further details of the Company's corporate governance practices are set out in the Corporate Governance Report in the Annual Report for the Financial Year.

Chairman and Chief Executive Officer

Code provision A.2.1 stipulates that the roles of the chairman and the chief executive officer of the Company should be separate and should not be performed by the same individual.

The Company has deviated from the Code provision A.2.1 and the roles of the chairman and the chief executive officer of the Company are now performed by the same person. Mr. Wong Tek Sun, Takson now assumes the roles of both the chairman and chief executive officer of the Company. The Board intends to maintain this structure for the time being as it believes that this structure can provide the Group with strong and consistent leadership and allows more effective planning and execution of long-term business strategies.

One of the important roles of the Chairman is to provide leadership to the Board to ensure that the Board always acts in the best interests of the Group. The Chairman shall ensure that the Board works effectively and fully discharges its responsibilities, and that all key issues are discussed by the Board in a timely manner. All Directors have been consulted about any matters proposed for inclusion in the agenda.

The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the composition of the Board which comprises experienced independent non-executive Directors and experienced management team. The Board will also evaluate the existing structure from time to time.

Term of the non-executive Directors

Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term and are subject to re-election.

The Company has deviated from the Code provision A.4.1. The non-executive Directors (including independent non-executive Directors) are not appointed for a specific term but are subject to retirement by rotation and re-election at the annual general meeting pursuant to Bye-law 87 of the Company's Bye-laws.

The Board believes that, despite the absence of specified term of non-executive Directors, the Directors are committed to representing the long-term interests of the shareholders of the Company.

Audit Committee

The written terms of reference which describe the authority and duties of Audit Committee were prepared and adopted with reference to "A Guide for The Formation of An Audit Committee" published by the Hong Kong Institute of Certified Public Accountants.

The Audit Committee provides an important link between the Directors and the Company's auditor in matters coming within the scope of the audit of the Group. It also reviews the effectiveness of the external audit and the internal controls and risk evaluation. Currently, the Audit Committee comprises two independent non-executive Directors, namely, Mr. Wong Kwok Tai and Mr. Chau Tsun Ming, Jimmy, and a non-executive Director, Mr. Wong Tak Yuen. Two meetings were held during the year.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This announcement is published on the HKEx website (http://www.hkex.com.hk) and the Company's website (http://www.takson.com). The 2013 annual report containing all the information required by the Rules Governing the Listing of Securities on the Stock Exchange will be published on the HKEx website and the Company's website in due course.

By Order of the Board
Wong Tek Sun, Takson
Chairman

Hong Kong, 21st June, 2013

The board at the date of announcement comprises Mr. Wong Tek Sun, Takson and Ms. Pang Shu Yuk, Adeline Rita, who are executive directors; and Mr. Chau Tsun Ming, Jimmy, Mr. Cunningham, James Patrick and Mr. Wong Kwok Tai, who are independent non-executive directors; and Mr. Wong Tak Yuen is the non-executive director.